



**EL DORADO SPRINGS R-II SCHOOL DISTRICT
YEAR ENDED JUNE 30, 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-52
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AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2003

The following problems were discovered as a result of an audit conducted by our office of the El Dorado Springs R-II School District.

The school district did not solicit proposals for a construction management firm for the recently completed construction project to expand and remodel the elementary and middle schools. The Superintendent indicated the contract with the construction management firm was simply renewed in 2000 because the terms of the contract were the same as the original one signed in 1996; however, the terms of the contract did change. Given that four years had passed and the contract terms had changed, the district had no assurance that construction management services were being obtained from the most qualified vendor at the lowest and best cost.

The board indicated it renegotiated the construction management contract signed in 2000 numerous times without formally amending the contract. The Superintendent stated that the construction management firm was paid in excess of the renegotiated contract amount due to the length of the project. The Superintendent also indicated numerous problems have been encountered during construction, and the district has contacted the construction management firm repeatedly to ensure the subcontractors' work has been completed. The project was substantially completed in March 2002, however, the district was still holding the final check of \$4,608 to the construction management firm as of April 15, 2003, pending completion of various punch lists and warranty issues. Given the overall concerns that the district has regarding the quality of work and that final payments have been made to all of the subcontractors, it appears questionable whether the district will be able to ensure that the project is completed timely and satisfactorily when they are only withholding \$4,608 from the construction firm.

The district has not conducted a selection process for its Certified Public Accountant (CPA) firm for five years. In addition, the district has not solicited proposals for attorney services. Also, the district does not have a contract with its attorney and does not require the attorney's office to submit detailed bills to the district.

Various board members violated the district's nepotism, conflicts of interest, and financial disclosure policy.

The district violated its current bidding policy for construction projects over \$12,500, and the district's policy does not require bidding for any other items. In addition, no bids have been solicited by the district for food service vendors since March 2000.

The district paid bonuses totaling \$1,100 to fourteen district employees which is an apparent

YELLOW SHEET

violation of the Missouri Constitution. The district also expended funds including the bonuses which did not appear to be a necessary or prudent use of public funds.

Although the district's policy provides for the Superintendent to review all expense accounts, there was no documentation that anyone reviewed his expense account for accuracy or propriety. Reimbursements made to administrators for travel expense were not always supported by adequate documentation of actual expenses incurred in accordance with district policy. An invoice submitted for reimbursement by the Middle School Principal for the purchase of a wreath had been altered to "black out" the name of the person it was sold to. The altered invoice was reviewed and approved for payment by the Superintendent; however, there was no documentation that the invoice was ever questioned. By approving the altered invoice, the Superintendent did not provide an adequate review of the expense account submitted to ensure it was a valid use of school district funds.

The Superintendent's travel allowance and fringe benefits which totaled \$4,521 for 2002 were not reported on his W-2 forms. The board also approved an increase of 3 percent in the Superintendent's salary based on the consumer price index (CPI); however, the CPI was only 1.1 percent.

The open meeting minutes do not always document all business conducted during the board meetings and do not always adequately document the specific reasons for closing the meeting and actions taken by the board in the closed meetings. In addition, the issues discussed in the closed meetings did not always relate to the items the board indicated would be discussed, and it is questionable whether the district complied with the provisions of the Sunshine Law when discussing some items in closed session.

The audit report also includes some other matters related to expenditures, Administrative Secretaries' compensation, school district vehicles, cellular phone policy, controls and procedures over petty cash, change funds, and student activity fees, accounting procedures and financial statements, the press box, and general fixed assets upon which the school district should consider and take appropriate corrective action.

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EL DORADO SPRINGS R-II SCHOOL DISTRICT

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Board of Education
El Dorado Springs R-II School District

The State Auditor was petitioned under Section 29.230, RSMo, to audit the El Dorado Springs R-II School District. The school board had engaged Wallace, Caviness, Harner & Associates, P.C., Certified Public Accountants (CPA), to audit the district for the year ended June 30, 2002. To minimize any duplication of effort, we reviewed the report and substantiating working papers of the CPA firm. The scope of our audit of the school district included, but was not necessarily limited to, the year ended June 30, 2002. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review compliance with certain legal provisions.
3. Review certain management practices.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents and interviewed various personnel of the school district.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the school district's management and was not subjected to the procedures applied in the audit of the school district.

The accompanying Management Advisory Report presents our findings arising from our audit of the El Dorado Springs R-II School District.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

February 10, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
Audit Manager: Pamela Crawford, CPA
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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

EL DORADO SPRINGS R-II SCHOOL DISTRICT
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Professional Services

The school district did not solicit proposals for a construction management firm, and the board indicated it renegotiated the construction management contract several times without formally amending the contract. In addition, the Superintendent stated numerous problems have been encountered during construction. The school district paid the firm in excess of the renegotiated contract amount and has contacted the construction management firm repeatedly to ensure the subcontractors' work has been completed. Also, the district has not conducted a selection process for its Certified Public Accountant (CPA) firm for the past five years. The district also has not solicited proposals for attorney services and does not have a contract with its attorney or require the attorney's office to submit detailed bills to the district.

A. The school district did not solicit proposals for a construction management firm for the recently completed construction project to expand and remodel the elementary and middle schools. In addition, the board indicated it renegotiated the construction management contract several times without formally amending the contract. The district paid this construction management firm in excess of the renegotiated contract amount due to the length of the project; and they have had to contact the construction management firm repeatedly to ensure the subcontractors' work has been properly completed. The project was primarily funded with bond proceeds from a \$3.75 million bond issue passed in April 2000.

1. The district signed a contract with a construction management firm on April 15, 2000 without re-soliciting proposals for construction management services. The district had advertised for proposals, and selected and signed a contract with this construction management firm in 1996, however, the proposed bond issue failed. The Superintendent indicated the contract with the construction management firm was simply renewed because the terms of the contract were the same as the original one signed in 1996; however, the terms of the contract did change. For example, the 1996 contract provided monthly on-site reimbursable costs including a project manager fee and office trailer and equipment fees totaling \$6,650. However, the 2000 contract provided the same type of on-site reimbursable costs totaling \$7,500 with a 3 percent annual increase in project manager fees after 2000. Given that four years had passed and the contract terms had changed, the district had no assurance that construction management services were being obtained from the most qualified vendor at the lowest and best cost.

Section 8.679, RSMo 2000, requires proposals for services of a construction manager to be solicited by advertisement if the cost of any construction project exceeds \$500,000. The district should periodically solicit proposals to ensure it is receiving the best services and costs. Documentation of proposals should always be retained to show statutory requirements were followed.

2. The contract with the construction management firm provided for the firm to be paid 3 percent of the total construction cost with a maximum fee of \$150,000 plus on-site reimbursable costs. The board indicated it renegotiated the contract signed in 2000 numerous times resulting in a total to be paid to the construction management firm of \$160,000; however, it failed to formally amend the contract. Payments to this firm for the project totaled \$165,139 through December 31, 2002. The Superintendent stated that the construction management firm was paid in excess of the renegotiated contract amount due to the length of the project. The Superintendent also indicated numerous problems have been encountered during construction, and the district has contacted the construction management firm repeatedly to ensure the subcontractors' work has been completed including a final review of work quality. In a letter written to the construction management firm on April 14, 2003, the Superintendent indicated that very few problems had been corrected by the April 10 deadline the school board had set. The project was substantially completed in March 2002, however, the district was still holding the final check of \$4,608 to the construction management firm as of April 15, 2003 pending the completion of various punch lists and warranty issues. Any changes to an original contract should be properly documented in a formal written contract amendment to ensure all parties are aware of their responsibilities and to prevent misunderstandings. In addition, the district should continue to monitor the construction management firm to ensure all work is properly completed before the final check is released.

Given the overall concerns that the district has regarding the quality of work and that final payments have been made to all of the subcontractors, it appears questionable whether the district will be able to ensure that the project is completed timely and satisfactorily when they are only withholding \$4,608 from the construction firm.

- B. The district has contracted for audit services with their current independent auditor for five years without conducting a selection process. The most recent selection process for audit services covered the fiscal year ending June 30, 1999. At that time, proposals were received from six audit firms. The firm selected by the board did not submit the lowest cost proposal, and there was no documentation supporting the reasons for selection. The district has paid \$14,300 for audit services during this four year period. Additionally, in November 2002,

the board approved retaining the same audit firm for fiscal year 2003 at a cost of \$4,000 without soliciting any additional proposals.

Selection processes are necessary to ensure the district is receiving the best services and rates. The process should include advertising and soliciting proposals and evaluating these proposals for technical experience, capacity and capability of performing the work, past record of performance, and the firm's proximity to and familiarity with the school district. Information concerning the selection process should be documented and retained.

- C. The district does not have a contract with its attorney outlining the types of services that are to be provided and at what cost. In addition, the district has not periodically solicited proposals for these services and does not require the attorney's office to submit detailed bills indicating the number of hours and the hourly rate charged to the district.

Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Written contracts should specify the services to be rendered and the manner and amount of compensation to be paid. In addition, Section 432.070, RSMo 2000, requires contracts for political subdivisions to be in writing. While attorney fees are not a significant district expenditure, the board should periodically solicit proposals for legal services to ensure they are receiving the best services and rates. Without adequate documentation, the school district cannot ensure the validity and propriety of the amounts billed.

WE RECOMMEND the School Board:

- A.1. Conduct a formal selection process for construction management services for all construction projects as required by state law. In addition, all documentation of the process should be retained.
- 2. Ensure any changes in compensation agreements are properly documented in a formal written contract amendment. In addition, continue to monitor the construction management firm to ensure all work is properly completed before the final check is released.
- B. Periodically solicit proposals for audit services.
- C. Periodically solicit and document proposals for legal services, and enter into written contracts with the firm which provides legal services detailing the duties to be performed and the costs associated with the service. In addition, the board should require adequate documentation to support the attorney billings including number of hours and cost per hour.

AUDITEE'S RESPONSE

The School Board indicated:

- A.1. In the future, we will re-solicit contracts after a significant time has elapsed to ensure the best bid is obtained. The board believes there was an ongoing relationship with the firm at the time and it appeared to be in the best interest of the project to continue.*
- A.2. While we did not document it well, we did not over pay the construction management firm even after renegotiating a fee that was lower than the original contract called for. In the future, any amended contracts will be formally documented. We will continue monitoring the construction management firm.*
- B. In the future, we will solicit bids more often.*
- C. In the future, we will solicit proposals more often. We will require the attorney to provide the number of hours and the hourly rate on the billings.*

AUDITOR'S COMMENTS

- A.2. The board maintained a spreadsheet documenting the renegotiated contract price of \$160,000, however, neither an amended contract nor approval of the renegotiation was documented in the minutes. In addition, documentation of any further renegotiations was not retained for payments in excess of \$160,000.

2. Nepotism, Conflicts of Interest, and Financial Disclosure

Various board members violated the district's nepotism, conflicts of interest, and financial disclosure policy. For example:

- The district hired a contractor to perform construction work on the district's expansion and remodeling project. One School Board member worked for this contractor as a subcontractor on other projects during that time period. This Board member did not abstain from the approval of payments totaling more than \$1.46 million to the contractor.
- The district purchases lumber and construction and maintenance supplies from a local supply business managed by the School Board President. During the year ended June 30, 2002, the district paid \$10,918 to this vendor without soliciting bids for these purchases. In addition, the School Board President did not abstain from the approval of the payments to this vendor and signed the checks issued.
- Other apparent instances of noncompliance with the board's policy were also noted. For example, the district paid for gravel hauling services from a local hauling business owned by a School Board member. In addition, one School

Board member approved payments to a relative for salary and an expense account, and another School Board member approved payments to himself to serve as a referee. The members did not abstain from the approval of any of these expenditures.

The district's nepotism and conflict of interest policy prohibits board members from debating or voting upon the employment of any person to whom they are related within the fourth degree. Also, the policy states that the board will not under any circumstance employ one of its members. In addition, the policy provides for board members to make a good faith effort to avoid a conflict of interest, and if a situation arises which involves the potential for a conflict of interest, the board member will declare his interest and refrain from debating or voting upon the transaction in question.

- Some School Board members did not file financial interest statements with the district and the Missouri Ethics Commission as required.

The district's financial disclosure policy requires all board members to file a financial interest statement with the district and the Missouri Ethics Commission which discloses all potential board member and employee conflicts of interest including transactions between any business entity in which such individuals have a substantial interest. Substantial interest is defined as ownership by the individual, his/her spouse, or dependent children, either singularly or collectively of ten percent or more of any business entity or an interest having a value of \$10,000 or more, or receipt of a salary, gratuity or other compensation of \$5,000 or more from any individual partnership, organization or association within any calendar year.

WE RECOMMEND the School Board strictly enforce the district's nepotism, conflict of interest, and financial disclosure policy. Furthermore, the district should review all transactions that are not in accordance with district policy and take appropriate action.

AUDITEE'S RESPONSE

The School Board indicated:

Board members are now abstaining. We will review our current policies and the financial statement requirements with our attorney.

School Board Member Yakel indicated:

I did not knowingly violate the conflict of interest policy due to the fact that the policy manual I was provided did not include a copy of that particular policy, and therefore I did not know it existed.

AUDITOR'S COMMENTS

The district should ensure that policy and regulation manuals are updated and distributed to all school board members. In addition, board members should familiarize themselves with all district policies and regulations.

3. Bidding Procedures

The district's bidding procedures are in need of improvement. The district violated its current bidding policy for construction projects over \$12,500, and the district's policy does not require bidding for any other items. In addition, no bids have been solicited by the district for food service vendors since March 2000.

A. The district violated its current bidding policy in addition to Section 177.086, RSMo 2000, which requires bidding for construction projects over \$12,500. The district's policy also does not require bidding for other items. Our review of district expenditures noted the following bidding concerns:

1. Bids were not always solicited or advertised by the school district nor was bid documentation always retained for various expenditures relating to construction projects. Examples of expenditures without documentation of bids and/or advertisement include \$56,062 for tuckpointing and \$12,800 for blacktop paving of the school driveway. In addition, the district constructed a computerized assisted drafting (CAD) building in the spring of 2000. Materials and labor for this project cost approximately \$25,000; however, these items were not properly bid.

Section 177.086, RSMo 2000, requires that school districts advertise bids for construction of facilities which may exceed an expenditure of \$12,500. In addition, bidding procedures for construction projects provide a framework for economical management of school district resources and help assure the district that it receives fair value by contracting with the lowest and best bidder. Documentation of bids should always be retained as evidence of the district's established bidding procedures and to show statutory requirements are followed.

2. The district's current bidding procedures could be made more effective by adopting a more comprehensive policy. The following are examples of purchases for which the district did not follow a bid process or did not retain adequate bid documentation:

<u>Item</u>	<u>Cost</u>
Trailers leased for classrooms	\$34,950
Maintenance supplies	26,012
Computers and monitors	25,189

Paper, toner, and supplies for the copier	7,548
Installation of electrical outlets	4,950
Heating and air conditioning	4,623

District personnel indicated prices were solicited from various vendors for some of the items; however, documentation of these inquiries was not maintained.

Competitive bidding helps ensure the school district receives fair value by contracting with the lowest and best bidders. Bidding helps ensure all parties are given an equal opportunity to participate in the district's business.

A more comprehensive policy would require bidding and would identify specific bidding procedures that are required for all types of expenditures. Bids could be handled by telephone quotation, sealed bids, or advertised sealed bids. Different approaches may be appropriate depending on the dollar amount of the purchase. Written documentation of bids also provides evidence that the board has complied with its procurement policy. Bid documentation should include a list of vendors contacted, a copy of the bid specifications, copies of all bids received, justification for awarding the bid, and documentation of discussion with vendors.

- B. The district solicited bids for a food service vendor in March 2000 for the 2000-2001 school year. The contract provided the district the option to renew the contract annually for four years through the 2004-2005 school year. No bids have been solicited by the district since March 2000. Through March 2003, the district has paid this vendor \$537,214 for the school years 2001-2003.

Given the food service contract has not been bid since 2000, the district has less assurance that food services are being obtained from the most qualified vendor at the lowest and best cost. Soliciting proposals and entering into a truly competitive bidding process provides the district a means to select the vendor best suited to provide the service required. Good bidding practices provide the district with a range of possible choices which should allow for a better informed decision to be made when acquiring necessary services.

WE RECOMMEND the School Board:

- A. Solicit bids for construction projects in accordance with state law and adopt a more comprehensive bid policy which requires bidding and establishes bidding guidelines for other types of expenditures. Such bid policies should include criteria on how bids are to be solicited and when formal advertising should be used. Documentation of bids received and the bid process should be retained. If sole source procurement is necessary, the district should retain documentation of these circumstances.

- B. Solicit bids for food service more frequently.

AUDITEE'S RESPONSE

The School Board indicated:

- A.1. *While we made an honest effort to get bids on these projects, we did not keep proper documentation. We will make every effort to do so in the future.*
2. *We will adopt a more comprehensive bid policy.*
- B. *The school district did request bids for food service vendors in 2000. The contract does provide the option to renew the service for five years. However, in the future, we will consider soliciting food service bids.*

4. Expenditures

Controls and procedures over district expenditures are in need of improvement. Some payments were processed without adequate supporting documentation, and properly approved purchase orders were not obtained for some purchases. In addition, the district paid bonuses totaling \$1,100 to fourteen district employees which is an apparent violation of the Missouri Constitution. The district also expended funds including the bonuses which did not appear to be a necessary or prudent use of public funds. The number of custodians employed by the district appears excessive, and controls and procedures over their time cards need improvement. In addition, the school district sometimes did not enter into written contracts defining services to be provided and benefits to be received.

- A. Some payments were processed without a sufficiently detailed invoice or other adequate supporting documentation. In addition, properly approved purchase orders were not obtained for some purchases or compared with invoices received prior to the payments being issued.

For example, payments totaling \$422,312 for annual transportation services, \$5,325 for computer equipment, \$1,217 for Worlds of Fun tickets, \$467 for grocery items, and \$442 for choral shirts were made without obtaining sufficient documentation. The transportation service contract provided for annual rate increases, however, the district failed to retain a copy of the applicable rate schedule. Invoices were not submitted for the computer equipment, the tickets, or the shirts. These items were paid directly from the purchase orders or handwritten notes. After several requests for the annual transportation rates and the invoice for the computer equipment, the district contacted the vendors and obtained copies of the transportation rates and computer invoice; however, the original payments were made without this documentation. Due to inadequate documentation, the number of attendees at a football team trip to Worlds of Fun

could not be determined. In addition, the purchase orders and invoices for the grocery items did not match amounts paid.

In addition, as a result of the district not matching approved purchase orders to the amounts paid for the computer equipment, an unpaid invoice dated August 21, 2002 totaling \$588 was filed with paid invoices and remained unpaid as of November 21, 2002. This invoice was subsequently paid by the district.

To ensure the validity and propriety of the expenditures approved for payment, adequate supporting documentation, including lists of attendees at school functions, should be obtained prior to payment. In addition, to ensure accurate amounts are paid and that all expenditures are paid and authorized; the district should prepare accurate purchase orders and compare invoices received with the approved purchase orders.

- B. The district paid attendance awards totaling \$1,100 to fourteen district employees during the year ending June 30, 2002. The school district provides for employees with perfect attendance during the school year to receive a \$100 award and employees missing only one day to receive a \$50 award. In addition, during the year ended June 30, 2002, the district incurred expenditures totaling approximately \$850 for flowers for funerals, retirement plaques and service pins, and grocery supplies for board meetings.

The attendance awards and other expenditures totaling \$1,950 do not appear to be necessary for district operations or prudent uses of public funds. In addition, the attendance payments or bonuses appear to represent additional compensation for services previously rendered and, as such, are an apparent violation of Article III, Section 39 of the Missouri Constitution and are contrary to Attorney General's Opinion No. 72, 1955 to Pray, which states, "...a government agency deriving its power and authority from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

Further, the district's residents have placed a fiduciary trust in their public officials to spend tax revenues in a necessary and prudent manner. Additional expenditures which did not appear to be a prudent or necessary use of district funds were noted during our review of expense accounts as noted in MAR 5.

- C. The number of custodians and maintenance staff employed by the district appears excessive. The district employed 160 full- and part-time employees at June 30, 2002 which included 7 administrators, 101 certified teachers and counselors, 17 secretaries and support staff, 12 teacher aides, and 23 custodial and maintenance staff including 5 part-time and 4 summer staff. The custodial and maintenance employees were paid approximately \$288,700 during the year ending June 30, 2002. We reviewed the plant operations line item on the Annual School Board

Report for three other schools of similar size in the area. The amount spent for similar services ranged from \$56,800 to \$202,500.

The Superintendent indicated that he normally follows a general guideline which provides for 1 custodian for every 15,000-20,000 square feet of the school district facility; however, the district facility currently has approximately 200,000 square feet and based on the Superintendent's guidelines this would result in the district employing 10 staff.

The number of custodians and maintenance staff employed by the district appears to be excessive. The district needs to reevaluate the number of custodians and maintenance staff employed and the related expenditures for future salaries in an effort to ensure the efficient use of the district resources.

- D. The Maintenance Supervisor reviews and approves monthly time cards submitted by the custodial and maintenance employees. From the time cards, he prepares a spreadsheet to submit to the superintendent's office for payment showing the total hours worked and the vacation, sick, and holiday time used. These employees are paid by the hour. During our review of the payroll records we noted the following concerns:

1. The hours reported on the employee time cards did not always agree to the monthly spreadsheet. For example, two employees' time cards indicated that they had only worked 32 and 38 hours for one week, respectively; however, the monthly spreadsheet indicated that they had each worked 40 hours. The Maintenance Supervisor indicated that his employees occasionally leave early one day, make up the time the following day, but may fail to properly report this on their time cards. Being aware of these instances, he adjusts the spreadsheet accordingly; however, no written documentation for the adjustments is maintained. In addition, employees do not always clock in and out at the beginning and end of the workday basically defeating the intended control established by the use of time cards.

Without complete and accurate time card records, there is no assurance that employees are being paid for the hours they actually worked. In addition, any difference between the hours worked per the time cards and the hours reported on the monthly payroll spreadsheet should be investigated and adequately documented.

2. The Maintenance Supervisor does not always document his approval of the time cards. In addition, the payroll clerk does not review the time cards in conjunction with the monthly payroll spreadsheet. Effective reviews of time cards and the monthly payroll spreadsheet are essential to ensure that employees are paid the appropriate amount based on the proper number of hours worked.

- E. The school district did not always enter into written contracts defining services to be provided and benefits to be received.
 - 1. The district paid the City of El Dorado \$15,519 between July 2002 through March 2003 to provide a school resource officer. The district did not enter into a written agreement for these services nor was any documentation received from the city to support the amounts paid or hours worked by the officer.
 - 2. The school district paid \$1,190 in 2001 to build a drainage ditch for a citizen who owned property adjoining the district's property. The September 12, 2001 board minutes indicated the district has had a "gentlemen's agreement" with this citizen for about 40 years to manage any water drainage damage on his property.

Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Written contracts should specify the services to be rendered and the manner and amount of compensation to be paid. In addition, Section 432.070, RSMo 2000, requires contracts for political subdivisions to be in writing.

WE RECOMMEND the School Board:

- A. Ensure that adequate supporting documentation is submitted before payments are made. In addition, ensure that purchase orders are prepared for expenditures, and compare invoices received with the approved purchase orders.
- B. Discontinue paying bonuses and providing attendance awards, and ensure expenditures are a necessary and prudent use of public funds.
- C. Reevaluate the number of custodians and maintenance staff employed and the related expenditures for future salaries.
- D. Ensure the time card records are complete and accurate. An independent review of the time cards and monthly payroll sheet should be performed and adequately documented by the payroll clerk. Any differences between the time cards and the monthly payroll spreadsheet should be investigated and resolved.
- E. Enter into written agreements with all parties that clearly detail the services to be performed and the compensation to be paid or benefits received.

AUDITEE'S RESPONSE

The School Board indicated:

- A. In the future, purchase orders will be matched to invoices and amounts paid, and a list of attendees will be obtained to support expenditures.*
- B. We believe these expenditures represent good public relations for the school district. We will take the issue of bonuses under advisement.*
- C. We have some doubts about this opinion, but have not had sufficient time to fully investigate. If the facts presented are accurate, we will take this under consideration as we determine future staffing. We have already changed one position to part-time and another will probably change to part-time in the near future. Another vacancy is not being filled at this time due to budget constraints.*
- D. We are working on procedures to implement these recommendations.*
- E. The school resource officer has been discontinued and in the future, any contracts or agreements will be in writing.*

5. Expense Accounts

The district's employee expense reimbursement policy requires a report of expenses actually incurred (with receipts) to be submitted and approved by the Superintendent prior to payment. Our review of payments to administrators for expense and travel reimbursements noted the following concerns:

- A. Although the district's policy provides for the Superintendent to review all expense accounts, there was no documentation that anyone reviewed his expense account for accuracy or propriety. In addition, the Superintendent submitted his expense account in June 2002 which covered the period January 2001 through June 2002. Included within the \$348 of expenses was a \$5 reimbursement for alcoholic beverages which did not appear to be a prudent or necessary use of public funds.

The district should revise its written policies and implement procedures to ensure the Superintendent's expense report is reviewed for accuracy and propriety by the board or other independent personnel. In addition, expense reports should be submitted monthly to ensure all expenses are paid in a timely manner; are necessary, prudent, and reasonable; and are adequately documented.

- B. Reimbursements made to administrators for travel expenses were not always supported by adequate documentation of actual expenses incurred in accordance with district policy. Many administrator expense reports did not contain sufficient

information such as the location of where the expense was incurred, trip origin and destination, or purpose. Additionally, several meal receipts indicated another person accompanied the Superintendent or the Assistant Superintendent to a lunch or dinner; however, the purpose and the other attendees were not documented. Also, some invoices for meals reimbursed by the district to the Assistant Superintendent could not be located.

The district cannot determine the propriety of payments made for travel expenses without a detailed travel expense report, including documentation supporting the expenses claimed as required by district policy.

- C. An invoice submitted for reimbursement by the Middle School Principal for the purchase of a wreath had been altered to "black out" the name of the person it was sold to. A copy of the original invoice from the florist indicated a non employee had made the purchase. The Middle School Principal indicated that a personal friend purchased the wreath which is located in his office. The altered invoice was reviewed and approved for payment by the Superintendent; however, there was no documentation that the invoice was ever questioned.

Allowing an altered invoice to be processed and not questioned indicates weaknesses in the review process and control procedures in place. By approving the altered invoice, the Superintendent did not provide an adequate review of the expense account submitted to ensure it was a valid use of school district funds. The district needs to ensure controls are in place and an adequate review is performed to ensure expenses paid are necessary, reasonable, and adequately documented.

WE RECOMMEND the School Board:

- A. Consider revising its written policies and establish procedures to ensure the Superintendent's expense account is reviewed for accuracy and propriety by the board or other personnel independent of the Superintendent prior to reimbursement. In addition, ensure travel expense reports are submitted monthly and expenditures are a necessary and prudent use of district funds.
- B. Require detailed travel expense reports which include information such as the location of where the expense was incurred, trip origin and destination, individuals accompanying the administrators to meals, and purpose. In addition, all applicable supporting documentation, such as paid invoices or receipts, should be submitted before payment is made.
- C. Ensure control procedures are in place to detect questionable or altered invoices, and in the future, the Superintendent should ensure his review detects questionable purchases. In addition, ensure expenditures are necessary, reasonable, and adequately documented.

AUDITEE'S RESPONSE

The School Board and Superintendent indicated:

- A. The Board President will review the Superintendent's expense account, and expense accounts will be submitted more timely to avoid the mistake that was made.*
- B. The Superintendent was aware of these expenses; however, in the future, this will be documented.*
- C. The Superintendent indicated that he questioned the invoice and approved it after disallowing some other expenditures partially based on the Principal's track record of managing his budget well.*

6. Superintendent's and Administrative Secretaries' Compensation

The Superintendent's travel allowance and fringe benefits which totaled \$4,521 for 2002 were not reported on his W-2 forms. In addition, the board approved an increase of 3 percent in the Superintendent's salary based on the consumer price index (CPI); however, the CPI was only 1.1 percent. The district also paid ten administrative secretaries in-district travel allowances totaling \$1,290 during 2002 which were not reported on their W-2 forms.

- A. The district makes payments to the Superintendent which appear to be taxable compensation but are not reported on his W-2 forms.
 - 1. The Superintendent's employment contract provides for the district to pay a stipend of \$2,400 annually for in-district travel. IRS regulations require travel and expense reimbursements to be reported on the recipient's W-2 form unless the recipient is required to report the related expenses to their employer. The district does not require the Superintendent to report his actual in-district related vehicle and travel expenses so these reimbursements should be included on the Superintendent's W-2 form. In addition, the Superintendent's employment contract does not adequately define which expenses are covered in this travel allowance. District officials indicate the allowance is intended to cover in-district trips; however, the district has no documentation to show that this allowance amount is reasonable compared to actual expenses incurred by the Superintendent. Using the district's mileage reimbursement rate of \$.30 per mile, a \$2,400 annual allowance represents approximately 8,000 miles per year. The board should require the Superintendent to document his mileage and vehicle expense while conducting district business to ensure the reasonableness of the annual allowance.

2. The Superintendent's employment contract also provides for the district to pay the monthly insurance premiums for his children's health insurance. During the year ending June 30, 2002, the district paid \$2,121 for these insurance premiums; however, this amount was not included on the Superintendent's W-2 form. The district should ensure all fringe benefits are properly reported for tax purposes on the Superintendent's W-2 forms.
- B. In January 2002, the board approved the Superintendent's employment contract for the 2004-2005 school year which provided for a salary increase based on the consumer price index (CPI). The Superintendent indicated that he reviewed the internet and informed the board that the CPI had fluctuated between a 3 and 3 ½ percent increase. The board approved an increase of 3 percent based upon this information; however, neither the Superintendent nor the board retained documentation of the CPI. For the 12-month period ending January 2002, the CPI was 1.1 percent. To ensure the validity of the Superintendent's salary increase, adequate supporting documentation of the CPI should be obtained and reviewed by the board.
- C. The district paid ten administrative secretaries in-district travel allowances totaling \$1,290 during 2002. IRS regulations require travel and expense reimbursements to be reported on the recipient's W-2 form unless the recipient is required to report the related expenses to their employer. The district does not require the administrative secretaries to report their actual in-district related vehicle and travel expenses so these reimbursements should be included on their W-2 forms.

WE RECOMMEND the School Board:

- A.1. Review the reasonableness of the \$2,400 annual vehicle allowance. The employment contract should be amended to clearly define what types of vehicle expenses are to be covered by the allowance. In addition, the district should report as taxable compensation on W-2 forms the annual allowance or require the Superintendent to report actual vehicle expenses incurred while conducting district business. Prior years' W-2 forms should be amended as applicable.
 2. Properly report all taxable fringe benefits and amend the Superintendent's W-2 form to include the insurance premiums paid for his children. Prior years' W-2 forms should be amended as applicable.
- B. Ensure adequate supporting documentation of the CPI is obtained to support increases in the Superintendent's salary.
- C. Require the administrative secretaries to report their actual in-district related expenses or report the allowances on their W-2 forms. In addition, prior years' W-2 forms should be amended as applicable.

AUDITEE'S RESPONSE

The School Board indicated:

- A. We will get additional opinions on these issues and make a decision then.*
- B. We reviewed a CPI report in February and felt a three percent increase was justified. In the future, the board will use the annual CPI to determine salary increases if the CPI is used.*
- C. We will stay within IRS regulations.*

7. School Board Minutes

The open meeting minutes do not always document all business conducted during the board meetings and do not always adequately document the specific reasons for closing the meeting and actions taken by the board in the closed meetings. In addition, the issues discussed in the closed meetings did not always relate to the items the board indicated would be discussed, and it is questionable whether the district complied with the provisions of the Sunshine Law when discussing some items in closed session.

- A. The open meeting minutes do not always document all business conducted during the board meetings. For example, various bid acceptances were approved at meetings during the year ending June 30, 2002; however, board minutes did not document discussions of other bids received and the reasons for bid acceptance.

Section 610.020, RSMo 2000, states that the minutes shall include the date, time, place, members present, members absent, and a record of votes taken. Minutes serve as the only official permanent public record of decisions made by the board. Therefore, it is imperative that the minutes be prepared to clearly document all business and discussions conducted.

- B. Open meeting minutes do not always adequately document the specific reasons for closing the meeting and actions taken by the board in the closed meetings. Open meeting minutes usually cite the specific sections of the state law which allow for a closed meeting; however, the issues discussed in the closed meetings did not always relate to the issues in the cited statute sections. For example, the February 13, 2002 agenda indicated a closed session would be held to discuss personnel and litigation pursuant to Sections 610.021 (3) and (1), RSMo 2000; however, the closed meeting minutes did not document any matters being discussed. Similar problems were noted with the April 9, June 13, July 2, August 8, October 10, and November 14, 2002 closed sessions.

In addition, it is questionable whether the district complied with the provisions of the Sunshine Law when discussing some items in closed session. These included

a contractor failing to pay prevailing wage, another contractor's liabilities with its vendors, and the Superintendent's contract for the 2005-2006 school year. The board did not document how discussing these issues during closed sessions complied with state law. Section 610.022, RSMo 2000, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. In addition, Section 610.021, RSMo 2000, allows the board to discuss certain subjects in closed meetings including litigation; real estate transactions; scholastic probation, expulsion, or graduation of identifiable individuals; bid specifications and sealed bids; personnel matters; and confidential or privileged communications with auditors. The board should restrict the discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes.

WE RECOMMEND the School Board:

- A. Ensure minutes clearly document all business conducted.
- B. Ensure minutes document the vote to go into closed session, state the reasons for going into closed session, and publicly disclose the final disposition of applicable matters discussed in closed session. In addition, the board should ensure closed meetings are conducted according to state law.

AUDITEE'S RESPONSE

The School Board indicated:

- A. *We will document our reasons for decisions being made.*
- B. *We believe we were in compliance; however, in the future, we will document our reasons for discussing issues in closed session.*

8. School District Vehicles and Cellular Phone

Controls and procedures over district owned vehicles and the cellular phone are in need of improvement. Mileage logs were either not prepared or were incomplete; and there appeared to be little or no review of the logs prepared by the district to document the appropriate use of the vehicles, to support gasoline and maintenance charges or expenses claimed on employee expense accounts, or to ensure completeness. In addition, the district has not developed a written policy regarding cellular telephone usage or guidelines to determine whether the cellular phone is needed or of benefit to the district. Numerous personal calls were identified, and an adequate review of cellular phone bills does not appear to be performed by the district.

A. The school maintains five district owned vehicles. Two of the vehicles are used exclusively by the maintenance department, and the remaining three vehicles are available for use by all other district employees for out of town travel. During our review of district owned vehicles, we noted the following concerns:

- Vehicle mileage logs are not currently being maintained for the two maintenance vehicles.
- Mileage logs are prepared for all other district vehicles; however, the mileage logs were not always complete. For example, one of the mileage logs reviewed did not account for 1,487 miles driven at various times during the period June 27 through September 21, 2002. In January 2003, we requested to review the mileage logs for this time period again, and the Maintenance Supervisor indicated he had disposed of them. Furthermore, there appeared to be little or no review of these logs to document appropriate use of the vehicles, to support gasoline charges or expenses claimed on employee expense accounts, or to ensure completeness.

Vehicle mileage logs documenting the date, destination, purpose of the trip, and mileage should be maintained for all vehicles. These logs should be periodically and independently reviewed to ensure vehicles are properly used for business purposes and to ensure completeness. In addition, information on the logs should be reconciled to gasoline purchases, employee expense accounts, and other maintenance charges.

B. The district has not developed a written policy regarding cellular telephone usage or guidelines to determine whether the cellular phone is needed or of benefit to the district. The district currently provides a cellular telephone for use by district employees when traveling. The cellular telephone is used primarily by the Superintendent. Our review of the November-December 2002 cellular phone bill noted numerous calls made to the Superintendent's personal residence and other additional calls which appeared to be personal in nature. A formal written policy is necessary to address the usage, the need and benefit to the district, and the monitoring of the cellular phone to ensure it is properly used for business purposes. The district should consider prohibiting the personal use of the cellular phone, except in cases of emergency, and review the calls made to determine if the amount of usage is necessary and proper.

WE RECOMMEND the School Board:

A. Require mileage logs to be maintained for all district vehicles. The logs should include beginning and ending odometer readings, purpose of the trip, person making the trip, destination, and date of travel. The logs should be independently reviewed for propriety and completeness. In addition, information on the logs should be reconciled to gasoline purchases, employee expense accounts, and other maintenance charges.

- B. Develop a formal written policy regarding the use of the cellular telephone, including a provision prohibiting its use for personal reasons. In addition, the district should establish a monitoring system for the assignment and usage of the cellular phone, and ensure an independent and adequate review of the cellular phone bills is performed.

AUDITEE'S RESPONSE

The School Board indicated:

- A. *We will require mileage logs to be maintained for the maintenance vehicles on a monthly basis. We will review the current procedures for other vehicles.*
- B. *We will adopt a written policy.*

9. Petty Cash, Change Funds, and Student Activity Fees

Controls over the petty cash fund, change funds, and student activity fees need to be improved. Petty cash fund duties are not adequately segregated, and formal policies have not been established to address purchasing limits for the petty cash fund. In addition, various district offices maintain change funds; however, the district does not have a listing of the approved change funds and a written policy regarding these change funds. Various problems with each of these funds were also noted. Additionally, student activity fees collected by these same offices were not deposited timely or adequately accounted for.

- A. Controls over the petty cash bank account need to be improved. The district has a formal policy which provides for a \$500 petty cash bank account to be used for small emergency purchases or small amounts of supplies. The account is replenished by writing checks from the district's general checking account. For the school year ending June 30, 2002, approximately \$3,600 in expenditures was paid from the petty cash account. During our review of the petty cash fund we noted the following concerns:
1. The School Board Secretary maintains this account, writes and signs the checks, and performs the bank reconciliations. To ensure proper recording of all transactions, the duties of handling, recording, distributing, and reconciling the petty cash account should be segregated. If the duties cannot be adequately segregated, at a minimum, there should be documented independent reviews of the petty cash accounting records on a monthly basis. Failure to adequately segregate duties or provide a supervisory review increases the risk of improper expenditures and the risk that errors or irregularities will not be detected in a timely manner.

2. The formal policy does not address any purchasing limits. The School Board Secretary indicated purchases from petty cash are limited to \$50, however, we noted an expenditure of \$119 for postage. The board should establish formal petty cash expenditure purchasing limits, and ensure only small and emergency expenditures are made from the petty cash fund.
- B. The School Board Secretary indicated that various school offices within the district collect lunch monies and student activity fees. During our cash counts performed on September 5 and 23, 2002, we noted change funds existing in various offices ranging from \$10 to \$700. Our review of these change funds disclosed the following concerns:

1. The district does not have a listing of approved change funds and a written policy regarding these change funds. Written policies should be established outlining the procedures for maintaining, using, and accounting for change funds. The district should also maintain a listing of all authorized change funds and amounts as well as procedures for adding funds or changing fund amounts.
2. The High School Principal's Secretary indicated their change fund was not maintained at a constant amount since locker fees were commingled and was accessible to all high school teachers. We counted the change fund on September 5, 2002 and \$69 was on hand. The High School Principal indicated on September 23, 2002 the change fund had been discontinued and deposited. However, as a result of the lack of accountability over locker fees, there is no assurance that the monies counted on September 5, 2002 were deposited.

In addition, during cash counts conducted on September 5, 2002, we noted the middle school principal's office change fund and the snack bar change fund were not maintained at a constant amount.

3. The elementary principal's office also collects fees for "Just Say No" tee shirts and donations for the "Just Say No" landscaping program, and the high school principal's office collects locker fees.

Tee shirt fees are not always deposited on a timely basis, and a log of donations or receipt slips for landscaping fees collected are not maintained. For example, tee shirt fees collected on April 5, 2002 were still on hand during our cash count conducted on September 5, 2002; and a log of donations or receipt slips accounting for \$53 in landscaping fees collected and on hand during our September 5, 2002 cash count were not maintained.

Change funds should be maintained at a constant amount, receipt slips or logs of all fees collected should be maintained and accounted for separately, and access

to change funds should be limited. Periodically, the funds should be counted and reconciled to the authorized balance by an independent person to ensure the funds are being accounted for properly, to detect any errors, and to help prevent these monies from being misused. In addition, to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.

WE RECOMMEND the School Board:

- A.1. Provide for adequate segregation of duties for the petty cash account, or at a minimum, require independent documented reviews of petty cash accounting records.
- 2. Establish formal purchasing limits regarding the use of petty cash, and ensure only small and emergency expenditures are made from the petty cash fund.
- B. Establish written procedures governing the accounting for change funds. Also, the district should maintain a listing of each change fund and the authorized balance of each fund, and establish procedures for adding funds or changing fund amounts. In addition, ensure access to the change funds is limited and the funds are periodically counted and reconciled to the authorized balance by an independent person. Further, deposit all monies intact daily or when accumulated receipts exceed \$100, and ensure prenumbered receipt slips are issued for all monies received or a log of donations and fees is maintained.

AUDITEE'S RESPONSE

The School Board indicated:

- A.1. *This will be implemented.*
- 2. *We will review this issue and revise the current policy.*
- B. *We will improve controls and procedures over change funds, locker fees, and student activity fees.*

10. Accounting Procedures and Financial Statements

The district's accounting procedures need improvement. The School Board Secretary does not follow up on outstanding checks. In addition, several district employees from various offices with access to money are not covered by an employee bond. Checks and money orders are also not restrictively endorsed until the deposit is prepared, and receipt slips are not issued for all monies received. Additionally, the district's published financial statements were not complete.

- A. The School Board Secretary does not follow up on outstanding checks. There were 22 outstanding checks over a year old which totaled \$8,549 as of June 30, 2002. Some of these outstanding checks dated back to June 1999, and several of these checks were to employees and vendors which are routinely used by the district. These old outstanding checks create additional and unnecessary record keeping responsibilities. An attempt should be made to locate the payees of the old outstanding checks, and the checks should be reissued if possible. If the payee cannot be located, various statutory provisions provide for the disposition of unclaimed monies. In addition, routine procedures should be established to investigate checks outstanding for a considerable time.
- B. Several district employees from various offices with access to money are not covered by an employee bond. As a means of safeguarding assets and reducing the district's risk if a misappropriation of funds would occur, all employees handling monies should be adequately bonded.
- C. Checks and money orders are not restrictively endorsed until the deposit is prepared. To reduce the potential for loss, theft, or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- D. The district issues rediform receipt slips for some monies. The receipt slips are not specifically printed for the district, and receipt slips are not numbered. In addition, receipt slips are not issued for all monies received; therefore, the district has no assurance that all monies collected are being properly deposited. To properly account for all receipts and ensure they are deposited, official prenumbered receipt slips should be issued for all monies received, reconciled to the composition of monies deposited, and the numerical sequence accounted for properly.
- E. The district's published financial statements for the year ending June 30, 2002 did not present a summary statement of the scope of the audit examination, the auditor's opinion on the financial statements included in the audit report, or contain information as to where the audit report was available for inspection and examination as required by Section 165.121, RSMo 2000.

WE RECOMMEND the School Board:

- A. Attempt to resolve the old outstanding checks, and establish routine procedures to investigate checks outstanding for a considerable time.
- B. Obtain adequate bond coverage for all district employees with access to monies.
- C. Ensure checks and money orders are restrictively endorsed upon receipt.

- D. Issue official prenumbered receipt slips for all monies collected, reconcile the composition of monies collected to receipt slips and bank deposits, and account for the numerical sequence of receipt slips.
- E. Ensure the annual published financial statements are prepared in compliance with state law.

AUDITEE'S RESPONSE

The School Board indicated:

- A. *This will be corrected.*
- B. *We will look into obtaining a blanket bond for all employees.*
- C. *This will be implemented.*
- D. *We will obtain official prenumbered receipt slips after our current receipt slips are used.*
- E. *This will be included in the future.*

11.	Press Box and General Fixed Assets
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- A. The district constructed a press box at the football field which is not in compliance with safety standards and guidelines established by the Department of Elementary and Secondary Education (DESE) in its safety guideline checklists. The building was constructed in 1998 with donated materials and volunteer labor and is valued by the district at \$40,000. During our tour of the press box, we noted several instances in which it did not meet the safety standards and guidelines established by the DESE. For example, handrails were not along the internal stairs, and nonskid treads were not on the stairs. In addition, building entrances/exits were not ADA (Americans with Disabilities Act) accessible. There were no ramps or guardrails, and doorways were not wide enough to allow for wheelchair access. Additionally, directions for exiting the building in case of an emergency were not posted.

The district should inspect the press box facility and make improvements to ensure that it is in compliance with applicable safety standards and guidelines established by the DESE.

- B. A permanent detailed record of the property owned by the district has not been established. Teachers conduct annual physical inventories of property located in their classrooms; however, some property in the custody of administrative and support staff is not inventoried. In addition, the district does not reconcile the

physical inventories to a fixed asset list, and the district does not tag or otherwise identify fixed assets as property of the district.

Property records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. Additions should be reconciled to purchases annually. Complete and accurate property records are necessary to secure better internal control over district property, provide a basis for determining proper insurance coverage, and provide assurance to the public that assets purchased with school monies are being utilized by the school district. Physical inventories are necessary to ensure the property records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Prenumbered tags, when affixed to property items, allow for identification of the property in the records and may deter the potential for personal use of district assets.

WE RECOMMEND the School Board:

- A. Inspect the press box facility and make improvements to ensure that it is in compliance with applicable safety standards and guidelines.
- B. Establish property records for all fixed assets and require annual physical inventories of the fixed assets. Additions to the property records should be reconciled to purchases annually, and prenumbered inventory tags that label each item as "Property of El Dorado Springs R-II School District" should be attached to all fixed assets.

AUDITEE'S RESPONSE

The School Board indicated:

- A. *We will make improvements where practical.*
- B. *We will make efforts to implement this recommendation.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

EL DORADO SPRINGS R-II SCHOOL DISTRICT
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The El Dorado Springs R-II School District is located approximately 75 miles northwest of Springfield on Highway 54. It covers approximately 280 square miles within Cedar, St. Clair, and Vernon Counties.

The district operates a senior high school (grades 9-12), a middle school (grades 6-8), and an elementary school (grades K-5). Enrollment was approximately 1,311 for the 2001-2002 school year. The district employed approximately 160 full- and part-time employees, including 7 administrators, 101 teachers, and 52 support staff.

The El Dorado Springs R-II School District has been classified under the Missouri School Improvement Program as "Accredited" by the Missouri Department of Elementary and Secondary Education.

An elected board acts as the policy-making body for the district's operations. The board's seven members serve three-year terms without compensation. Members of the board at June 30, 2002, and their current terms of office are:

<u>Name and Position</u>	<u>Term Expires</u>
Darrell Eason, President	April 2005
Rusty Norval, Vice President (2)	April 2003
John A. Koger, Member	April 2004
Eric McPeak, Member (1)	April 2005
Ken Watkins, Member (2)	April 2003
Denny Whitesell, Member (1)	April 2005
Wayne Yakel, Member	April 2004

(1) Elected to the board in April 2002, replacing Benny Brower and Jim Swopes.

(2) Replaced by Allen Hoover and Vickie Vickers who were elected in April 2003.

Other Principal Officials	Annual Compensation
Greg Koetting, Superintendent (3)	\$ 79,000
Marsha Gilbert, Assistant Superintendent (4)	63,500
David Copeland, High School Principal	60,000
David Hedrick, Middle School Principal	56,500
Gerald L. Kirbey, Elementary School Principal	53,820
Tracy Lanser, Elementary School Associate Principal	47,600
Walter Anderson, Activities Director	44,000

- (3) In addition to this base salary, the Superintendent's contract provided for him to be paid \$2,400 a year for in-district travel and also provided for the district to pay insurance premiums for his children totaling \$2,121. His total compensation for fiscal year 2002 was \$83,521.

The Superintendent's fiscal year 2003 contract provides a base salary of \$81,370. In addition to this base salary, the contract again provides for him to receive \$2,400 a year for in-district travel and \$2,400 in insurance premiums for his children. The School Board also approved giving the Superintendent middle school coaching duties for the 2002-2003 school year for additional compensation totaling \$1,750. His total compensation for fiscal year 2003 will be \$87,920.

The School Board approved giving the Superintendent head coaching duties for the 2003-2004 school year for additional compensation totaling \$4,000. His base salary for fiscal year 2004 has not been set as of April 15, 2003.

- (4) Retired on June 30, 2002.

Assessed valuations and tax rates for 2002 and 2001, were as follows:

	2002	2001
Assessed Valuation	\$ <u>60,424,132</u>	\$ <u>58,998,647</u>
Tax Rate (per \$100 assessed valuation):		
General	\$ 2.7500	\$ 2.7500
Debt Service	.4900	.4900
Total	\$ <u>3.2400</u>	\$ <u>3.2400</u>

The district issued \$3,750,000 in general obligation bonds for the expansion and remodeling of the elementary and middle schools during fiscal year 2000 due in varying annual installments through March 1, 2020. Interest ranges from 4.90 percent to 5.85 percent.